

November 9, 2016

VIA EMAIL

Mr. Steven King, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive, SW
Olympia, WA 98504

Re: **UE-152058 and UE-152042** - Petition of Puget Sound Energy Seeking Authorization to apply Excess Conservation savings to future decoupling conversation target shortfall

Mr. King;

The NW Energy Coalition (NWECC) appreciates the opportunity to comment on the Puget Sound Energy (PSE) petition to apply excess conservation savings from one biennium to two future biennia. NWECC is a non-profit alliance of more than one hundred environmental, civic and human services organization; utilities; businesses; labor unions; and communities of faith in the Pacific Northwest focused on fostering and promoting energy efficiency and clean renewables. As both the original author of I-937, the Energy Independence Act, codified in RCW 19.285 and a key negotiator in the discussions that resulted in an amendment to a part of that act relating to energy efficiency, specifically RCW 19.285.040(1)(c)(i), NWECC is uniquely qualified to speak to the petition.

We have several concerns about the proposal and at this time oppose the proposal to apply excess conservation savings to the additional 5% conservation required by PSE's decoupling under docket UE-121697.

We have been surprised by the amount of effort expended on this proposal when, in fact, there is no current information that PSE is in danger of not meeting its additional decoupling obligation. PSE has exceeded its biennial EIA conservation targets for the last three biennia, as well as exceeding the savings needed due to the decoupling mechanism. Until PSE is faced with an actual shortfall situation this petition is, at best, premature. We would urge the Commission to defer action until such time as PSE actually fails, despite best efforts, to meet the decoupling related additional conservation requirement.

The history of the excess conservation amendment (cited above) confirms our position. The initial conversation in 2014 that ultimately led to ESHB 1643 was regarding conservation penalty rollovers and morphed into a discussion about excess conservation rollovers. The conversation among stakeholders focused on how to encourage utilities to support big efficiency projects that might come in during one biennium and leave the next biennium a bit short or if a big project became delayed and a utility missed its biennial target. Despite the current

decoupling requirements being in place at the time, the issue of applying excess conservation to the 5% decoupling requirement was never raised, even by PSE. Further, the decoupling requirement is not referenced in the legislation; in the engrossed bill, none of the definitions or intent of the underlying statute were altered. The rules at WAC 480-109-100(3)(c) correctly refer only to the biennial target¹ and not requirements on top of the biennial target. The additional savings requirement due to decoupling is not mentioned. Nor were the rules regulating decoupling amended or modified. If the intent was to allow excess savings to apply to the additional 5% savings required from decoupling, it would have been specified.

Since neither the intent, nor the law, nor the rules, allow excess savings to be applied to achieving the decoupling savings requirement, we disagree with PSE's contention that the additional decoupling related conservation savings should be considered as an equivalent of the EIA target². The additional 5% conservation was part of the agreement allowing PSE to decouple revenue from investments, primarily to remove a financial disincentive to pursuing robust conservation targets.

While we appreciate PSE's very detailed explanation of how PSE would account for the rollover if it were approved by the Commission, the calculation should be much more direct. It is a simple mathematical problem, not an administratively burdensome one, to calculate how to apply excess savings to the biennial target alone, and not the additional decoupling related savings requirement as well.

NWEC acknowledges the effort PSE has invested in conservation over the last three biennia. We disagree that excess savings should apply to the additional 5% conservation savings requirement due to decoupling and respectfully request the Commission deny PSE's petition.

¹ WAC 480-109-100(3)(c) **Excess conservation.** No more than twenty-five percent of any biennial target may be met with excess conservation savings allowed by this subsection. Excess conservation may only be used to mitigate shortfalls in the immediately subsequent two biennia and may not be used to adjust a utility's ten-year conservation potential or biennial target. The presence of excess conservation does not relieve a utility of its obligation to pursue the level of conservation in its biennial target.

² PSE petition, page 9.

"therefore, it is reasonable that the Commission-approved Decoupling Conservation Target should be considered as an equivalent of the EIA Target for purposes of applying excess conservation savings to future biennia.

Sincerely,

/s/ Joni Bosh

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